



SBTRC OVERVIEW & **BONDING EDUCATION PROGRAM (BEP)**

DBE Joint Task Force Meeting
January 27, 2015

Small Business Transportation Resource Center – Southwest Region
U.S. Department of Transportation
Office of Small and Disadvantaged Business Utilization



Small Business Transportation Resource Center - SW

- Serving small and disadvantaged businesses in Arizona, California, Hawaii and Nevada.
- Headquartered in Sacramento, CA
- Provides counseling, technical assistance, training, and information dissemination to businesses that have or have the potential to do business with public and private entities in the transportation industry



Bonding Education Program Objectives

Educate small businesses specializing in transportation-related construction and construction-related goods and services about the bonding process

Assist those small businesses to qualify for and have access to bonding or increase their bonding capacity.

Issues in Access to Bonding for Small and Emerging Contractors

- Changes in industry appetite for emerging contractors
- Lack of understanding of the bonding process
- Poor credit history
- Poor financial records and company management
- Difficulty in identifying appropriate bonding support
- Breakdown in communications with bond producer/surety company
- Late entry in the bonding arena



The 3 Cs – Elements of Surety Bonding Prequalification

- Capacity
 - Can the contractor perform the obligations of the contract?
- Character
 - Historically, how has the contractor performed?
What is the contractor's reputation?
- Capital
 - Does the contractor have the financial strength to fulfill the terms of the contract?



Educational Component - Workshops and Seminars

- Business Planning, Marketing, and Management for Construction
- Construction Accounting and Financial Management
- Banking and Financing for Contractors
- Bonding and Insurance for New and Emerging Contractors
- Estimating and Bidding
- Project Management and Field Operations
- Contracts, Claims, and Dispute Resolution
- Managing Growth - Why Some Contractors Succeed and Others Fail



Bond Readiness Component - Assistance in the Bonding Process

- Initial Intake Interview
- Information Gathering - Contractor's Questionnaire
- Diagnosis – Identification of Needs
- Prescription – Technical Assistance and Referral
- Monitoring and Reporting
- Bonding/Financing Applications
- Managing Growth





US DOT Short Term Lending Program (STLP)

- ✓ The STLP enables small businesses to gain access to the financing they need to participate in transportation-related contracts.
- ✓ The STLP's mission is to increase small business' economic competitiveness by providing access to capital for companies working on transportation related opportunities.



STLP Eligibility Requirements

- ✓ DBE Certified or SBA Certified under Section 8(a); Small Disadvantaged Business; HUBZONE Empowerment Contracting Program; and Service-Disabled Veterans
- ✓ Startup businesses are not eligible to apply for the STLP
- ✓ Funds are not available for equipment purchases; long-term debt; refinance of existing debt; payment of non-current taxes; distributions or other payments to stockholders; or 100% contract mobilization.



US DOT Short Term Lending Program (STLP)

- Provides a loan guarantee on a revolving line of credit
- Primary collateral is receivables from transportation contract(s)
- Participants can apply for renewal for up to 5 years
- Maximum loan amount \$750,000
- Subcontract at any tier in transportation related field
- Application fee of \$150.00 payable to the bank
- Interest rate based on WSJ variable rate



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